

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 02-6
Universal Service:	)	
	)	
Review of the Definition of Universal Service	)	
	)	

**COMMENTS OF THE CELLULAR TELECOMMUNICATIONS & INTERNET  
ASSOCIATION**

The Cellular Telecommunications & Internet Association (“CTIA”)<sup>1</sup> hereby submits its comments in response to the Commission’s *Notice of Proposed Rulemaking* to modify the universal service schools and libraries program.<sup>2</sup> Specifically, the Commission seeks comment on whether it should modify the services eligible for support to include wireless services, along with Wide Area Networks and voice mail, and whether it should modify its policy for unused funds.

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<sup>1</sup> CTIA is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the association covers all Commercial Mobile Radio Service (“CMRS”) providers and manufacturers, including cellular, broadband PCS, ESMR, as well as providers and manufacturers of wireless data services and products.

<sup>2</sup> See *Schools and Libraries Universal Service Support Mechanism, Notice of Proposed Rulemaking and Order*, (rel. Jan. 25, 2002) (“NPRM”).

## DISCUSSION

CTIA supports the Commission's efforts to ensure that its rules and policies regarding the eligibility of wireless services for support under the schools and libraries mechanism is consistent with the guiding principle of Section 254--competitive neutrality.<sup>3</sup> As wireless service increasingly becomes a replacement for wireline service, the fair and equitable distribution of universal service funds is paramount to competitive neutrality.<sup>4</sup> CTIA urges the Commission to interpret the definition of "education purposes" to include wireless services outside of the classroom since wireless services are not presently eligible when used by school bus drivers or other non-teaching staff. Furthermore, inclusion of wireless services by support staff will increase competition for these services, and may lower costs where wireless connections provide a more efficient method of communication. By making these wireless services eligible for support, the Commission will ensure that the schools and libraries funds are spent in the most efficient manner possible and will best meet the Commission's goal of ensuring "a fair and equitable distributions of funds."<sup>5</sup>

The Commission also seeks comment on the treatment of unused funds--funds that the Schools and Libraries Division of the Universal Service Administrative Company

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<sup>3</sup> See *NPRM* at ¶21.

<sup>4</sup> See *Wireless Voice Encroaching on Wireline Customers*, CyberAtlas (Jan. 15, 2002), *citing*, International Data Corp. Study, *Wireless Displacement of Wireline Forecast and Analysis, 2001-2005* (Dec. 2001) (By the end of 2001, 10 million access lines were displaced by wireless and roughly one million represent wireless users who use wireless as their primary means of communications instead of a primary wireline access line.) Available at [http://cyberatlas.internet.com/markets/wireless/print/0,,10094\\_955351,00.html](http://cyberatlas.internet.com/markets/wireless/print/0,,10094_955351,00.html).

<sup>5</sup> See *id.* at ¶65.

(Administrator) had available for disbursement, but that were not disbursed in that funding year. These unused funds are not insignificant and over the last two years, approximately twenty-five percent of the program funds have not been disbursed.<sup>6</sup> CTIA urges the Commission to codify its current policy under which it credits back to contributors the unused funds by reducing the contribution factor.<sup>7</sup> Alternatively, the Commission has proposed to modify its rules to require the distribution of unused funds in subsequent years, in excess of the annual cap, and without reducing carrier contributions. CTIA supports the former approach since reducing the contribution factor will promote competition among wireless carriers and other service providers. While CTIA appreciates the Commission's obligations to sufficiently fund the schools and libraries fund under the statutory requirements of Section 251, the Commission is under no obligation to exceed the annual cap.

The Commission also has an obligation to take steps to ensure that the contribution requirements are not adversely affecting the consumption of telecommunications services. CTIA's members make substantial contributions to the universal service fund and CTIA urges the Commission to keep the universal service fund to a minimum necessary to meet the Commission's statutory obligations.

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<sup>6</sup> See *NPRM* at ¶64 (As of June 30, 2001, \$940 million of the \$3.7 billion program funds committed to applicants during the first and second funding years was not disbursed).

<sup>7</sup> See *NPRM* at ¶70.

## **CONCLUSION**

CTIA respectfully requests that the Commission include wireless services in its schools and libraries program to avoid technology-specific rules that would impede competition of wireless carriers in the provision of universal service. In addition, pursuant to its authority under Section 54.507(a), the Commission should codify its current policy to credit back unused funds to contributors through the reduction of the contribution factor.

Respectfully submitted,

/s/ \_\_\_\_\_

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